



Department of Justice
Canada

Ministère de la Justice
Canada

CCM#: 2015-003408
Unclassified
For Approval
Action by/Deadline: 2016/04/19

MEMORANDUM TO THE DEPUTY MINISTER

Proposed Approach for the On-Going Monitoring of Internal Controls over Financial Reporting Specific to Entity Level Controls (FOR APPROVAL)

SUMMARY

- Entity Level Controls (ELCs) are high-level controls that have an impact on the Department as a whole. They include governance and senior management oversight, the tone at the top, the organization's culture, values and ethics, risk management, communications, and human resources.
- As per Treasury Board's *Policy on Internal Control*, deputy heads are responsible for ensuring the monitoring and review of the departmental system of internal controls, which includes ELCs. An On-Going Monitoring Plan that highlights the Department's approach to monitoring controls is developed every 3 years by the Finance and Planning Branch (FPB). Of the ELCs listed above, the Plan only covers controls which, if they fail, could impact the Departmental Financial Statements (these controls are referred to as Internal Controls over Financial Reporting – ICFR).
- Given the risks that could stem from the assessment of the Department's ELCs and their overarching impact on the organization, your approval is sought on the proposed approach to assess ELCs by April 19, 2016. This will ensure enough time for the inclusion of the recommended option in the new *2016-19 ICFR On-Going Monitoring Plan* and monitoring activities starting in April 2016 and will also ensure that FPB's commitment as per the recommendation in the 2015 internal audit of the monitoring of the system of ICFR is met.
- In order to complete the assessment of ELCs that have an impact on ICFR, it is recommended that FPB develop a questionnaire. FPB will then complete the questionnaire and its completion will enable the assessment of ELCs.
- FPB obtained confirmation from the Office of the Comptroller General (OCG) on December 17, 2015, that its proposed approach for the assessment of ELCs is deemed appropriate and similar to the approach taken by other departments.
- Considering that ELCs may have a horizontal impact on the Department overall, FPB will share the results of its assessment of ELCs with Internal Audit Services.
- **DO YOU APPROVE?**

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BACKGROUND

As per the Treasury Board *Policy on Internal Control* (PIC), effective April 1, 2009, deputy heads are responsible for ensuring the monitoring and review of the departmental system of internal controls to mitigate risks.

The standard government-wide approach followed by the Department of Justice is to assess three distinct levels of controls: Entity Level Controls (ELCs), Information Technology General Controls (ITGCs) and Process Level Controls (PLCs).

An On-Going Monitoring Plan is developed every 3 years by the Finance and Planning Branch (FPB) which highlights the Department's approach to monitoring these controls. The Plan only covers controls which, if they fail, could impact the Departmental Financial Statements (these controls are referred to as Internal Controls over Financial Reporting – ICFR). This briefing note is only in regards to the approach for ELCs.

ELCs are high-level controls that have an impact on the Department as a whole. They include the tone at the top, the organization's culture, values and ethics, risk management, governance, communications, and human resources. Due to their overarching nature, ELCs contribute to the overall effectiveness of ICFR.

Currently, in order to assess ELCs, FPB monitors existing assessments and other initiatives within the Department (e.g. Management Accountability Framework (MAF) assessments, Public Employee surveys, audits) in order to conclude whether they are weaknesses that could have an impact on ICFR.

The 2015 internal audit of the monitoring of the system of ICFR had the following recommendation regarding ELCs: FPB should have a process for assessing specific ELCs that are not receiving adequate assurance through existing assessments and other initiatives (refer to Annex A).

OPTIONS / KEY CONSIDERATIONS

1. Status Quo

FPB continues to monitor ELCs based on existing assessments and other initiatives within the Department. This being said, if no assessment or other initiative currently exists for a specific ELC, FPB will not conduct its own assessment of that specific ELC.

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2. FPB assesses ELCs which have an impact on ICFR based on a questionnaire to be developed and communicates the weaknesses identified to the Departmental Audit Committee and Internal Audit through the ICFR Annual Report (frequency of ELC assessment to be based on the ICFR Monitoring Plan)

FPB's proposed approach consists of developing a questionnaire in order to document its assessment of ELCs. As confirmed by the Office of the Comptroller General (OCG) on December 17, 2015, this approach is deemed appropriate and similar to the approach taken by other departments.

FPB's questionnaire will be based on the widely recognized control framework from the Committee of Sponsoring Organizations of the Treadway Commission (COSO) as well as the Core Management Controls (which were developed by the Internal Audit Sector of the Office of the Comptroller General and are based on COSO) and will pertain to the ELCs that have an impact on ICFR. As an example, when assessing governance, FPB would need to answer questions such as: "Is there an open line of communication between the Departmental Audit Committee (DAC), the senior management committee, internal auditors and external auditors?"

FPB will be responsible for completing the questionnaire and will not only be referencing existing assessments and initiatives but will also need to review other relevant documentation supporting the existence and proper implementation of these ELCs that have an impact on ICFR.

FPB will take into consideration the risks identified through its ELC assessments when completing its control testing of the other levels of controls. FPB will also communicate the weaknesses identified as well as its recommendations to mitigate the risks to the appropriate stakeholders and ensure management action plans (MAPs) are developed.

FPB will track the MAPs and perform follow-ups with the stakeholders to ensure their implementation.

In addition, the results of FPB's assessment of ELCs that have an impact on ICFR will be communicated to senior management and the DAC via its annual *Results of the On-Going Monitoring for Internal Controls over Financial Reporting*.

Taking into consideration that ELCs may have a horizontal impact on the Department overall, FPB will share the results of its assessment of ELCs with Internal Audit Services (IAS).

This option would meet IAS' recommendation for "*identifying and addressing ELC gaps where testing by others is not sufficient to assess the selected key controls*".

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It should be noted that FPB has shared with IAS its recommended option and the Chief Audit Executive confirmed being in agreement with the proposed approach.

RESOURCE IMPLICATIONS

Both options have no additional resource implications.

COMMUNICATION IMPLICATIONS

The approved option will be communicated to the IAS and then to DAC during the management action plan update process.

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RECOMMENDATION

Based on the previously stated considerations, Option 2 is recommended.

It is recommended that you indicate your concurrence with Option 2 by signing the approval block in the summary box.

NEXT STEPS

The 2016-19 *ICFR On-Going Monitoring Plan* will be updated to reflect the new approach for the assessment of ELCs and will be presented to MC and DAC by August 31, 2016.

Attachments

Annex A – Recommendations, Management Response and Action Plan for the *Audit of the Monitoring of the System of Internal Control Over Financial Reporting*

Prepared by:

Geneviève Bégin, Acting Chief, Departmental Financial Control, Financial Policy and Controls Division, 613-960-0713

Date: April 12, 2016

Reviewed by:

Maxime Patry, Manager, Financial Policy and Controls Division, Finance and Planning Branch, 613-960-4926

Date: April 12, 2016

Reviewed by:

Eric Trépanier, Director General, Finance and Planning Branch & Deputy Chief Financial Officer, 613-948-5117

Date: April 12, 2016

Approved by:

Marie-Josée Thivierge, Assistant Deputy Minister, Management Sector and Chief Financial Officer

Date: 13-04-2016

Approved by:

Pierre Legault, Associate Deputy Minister *new copy to 18/4*

Date: 18-04-2014 *Déjà passé*

CCM#: 2015-003408

Department of Justice
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Canada**Recommendations, Management Response and Action Plan for the
Audit of the Monitoring of the System of Internal Control Over Financial
Reporting**

Recommendation 1	Office of Primary Interest (OPI)
<p>The Assistant Deputy Minister Management Sector and Chief Financial Officer should improve reporting to oversight bodies to more fully describe the risk-based approach applied in monitoring ICFR, including the scope and extent of operating effectiveness testing that is planned and conducted.</p>	<p>Assistant Deputy Minister and Chief Financial Officer, Management and CFO Sector</p>
	<p>Management Response and Action Plan</p>
	<p><i>Building on the established process of presenting the annual Internal Controls over Financial Reporting (ICFR) Results Report and other related information (e.g. ICFR Multi-Year Plans) to Management Committee (MC) and the Departmental Audit Committee (DAC) as part of the annual Departmental Financial Statements (DFS) package; the 2015-16 ICFR Results Report will be revised as appropriate, to more fully describe the risk-based approach taken in monitoring ICFR. The ICFR Results Report will be presented to MC and DAC as part of the 2015-16 DFS package by August 31, 2016.</i></p> <p><i>The 2015-18 ICFR Multi-Year Plan presented to DAC in June 2015 will be updated as appropriate, to more fully describe the risk-based approach to monitoring ICFR. The updated Plan will cover the period of up to 2016-19 and will be included in the 2015-16 DFS package.</i></p> <p><i>As per the established process, feedback regarding the ICFR Results Report and Multi-Year Plan will be requested from MC and the DAC, including the depth of information to be captured, in order to further refine the plans and reports in subsequent years.</i></p>
	<p>Target Implementation Date</p>
	<p>August 31, 2016</p>

Recommendation 2	Office of Primary Interest (OPI)
<p>It is recommended that the Assistant Deputy Minister and Chief Financial Officer implement a process to ensure that key controls</p>	<p>Assistant Deputy Minister and Chief Financial Officer, Management and CFO Sector</p>
	<p>Management Response and Action Plan</p> <p><i>Process Level Controls (PLC's):</i></p>



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are appropriately identified, documented and maintained to adequately support ongoing monitoring of the system of ICFR. This will include:

- Documenting sub-processes, risks and key controls for all in-scope financial statement accounts;
- Fully identifying and documenting ELCs and ITGCs; and
- Developing a process to ensure this information is validated and maintained.

The 2016-19 ICFR Multi-Year Plan (refer to recommendation #1) will include a revised financial statement accounts monitoring schedule, which will change the current annual "breadth-based focus" to a more "in-depth testing focus". This new monitoring schedule will include less accounts per year but more in-depth testing, providing the same level of assurance overall. Building on the existing monitoring process and documentation, relevant sub-processes of financial statement accounts will be fully documented during the course of the monitoring projects. The documentation of relevant sub-processes, risks and key controls for all in-scope financial statement accounts will be completed throughout the 2016-19 ICFR Multi-Year Plan cycle. Milestones will be completed each year beginning in 2016-17 as accounts are monitored as scheduled, with initial work having already been started in 2015-16.

A process to ensure the information is validated and maintained going forward will be developed and documented in the Financial Policy and Controls Division (FPCD) ICFR deskbook by August 31, 2016 for PLCs, as well as Entity Level Controls (ELCs) and Information Technology General Controls (ITGCs) as appropriate. The process will be designed so that any new methodologies, direction, etc. from the Office of the Comptroller General can be integrated going forward.

Entity Level Controls (ELCs):

The ELCs were fully identified in 2009-10 and updated in 2011-12, with no gaps identified. The ELCs were subsequently grouped and narrowed down to those relevant to ICFR for administrative ease for on-going monitoring.

By March 31, 2016, the ELCs that were grouped will be ungrouped into more specific controls to better identify ELCs that could impact PLCs.

Information Technology General Controls (ITGCs):

Recognizing the benefits of documenting ITGCs, significant resources were previously invested in systems projects that were unfortunately cancelled at the direction of the Treasury Board Secretariat (TBS). As a result, moving forward in regards to



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	<p><i>ITGCs will require consultations with TBS regarding the intention and timeline for new government-wide standard systems via the Financial Management Transformation initiative. The documentation of ITGCs moving forward and deadlines will be based on those consultations to ensure that any ITGC work performed will align with TBS initiatives and will effectively use available resources. For context, ITGCs work going forward will focus on the Integrated Financial and Materiel System (IFMS), as there have been significant changes in the ownership of, and reliance on, other systems since the initial ITGC documentation in 2007. Relevant ITGCs within other Justice Canada managed IT systems will also be assessed, to determine their ICFR-related risks and to determine how they should be monitored going forward.</i></p>
	<p>Target Implementation Date</p>
	<p><i>ELCs March 31, 2016</i> <i>For PLCs, ELCs & ITGCs - Development and documentation of process for validating and maintaining documentation for sub-processes, risks and controls (as appropriate) – August 31, 2016</i> <i>PLCs March 31, 2019 (with annual milestones, as per the 2016-19 ICFR Multi-Year Plan)</i> <i>ITGCs Subject to TBS direction</i></p>

Recommendation 3	Office of Primary Interest (OPI)
<p>It is recommended that the Assistant Deputy Minister Management Sector and Chief Financial Officer develop, document and implement an approach for the annual selection of key controls for OE testing (PLCs, ELCs, and ITGCs). This approach should include:</p> <ul style="list-style-type: none"> • The risk factors to be assessed and how they influence the selection of controls (i.e., weighting); • The minimum level of testing required to determine the ongoing 	<p>Assistant Deputy Minister and Chief Financial Officer, Management and CFO Sector</p>
	<p>Management Response and Action Plan</p>
	<p><i>Within the Government of Canada, there are other policies, directives and reporting requirements in addition to the PIC that require Departments to provide assurance on the accuracy of financial reporting. To meet these additional requirements there are other various types of assurance work performed in addition to Operating Effectiveness (OE) testing.</i></p> <p><i>Process Level Controls (PLCs):</i></p> <p><i>In this context, the Management and CFO Sector will provide the DAC with a summary report of the work performed and previously reported to DAC and senior management which provided assurance on financial reporting from 2009-10 to 2014-15 for each financial statement account. The Summary report will demonstrate that an appropriate level of PLCs</i></p>



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<p>effectiveness of the system of ICFR; and</p> <ul style="list-style-type: none">• A process for identifying and addressing gaps where testing by others is not sufficient to assess the selected key controls.	<p><i>assurance work has been performed. This summary report will be provided by December 31, 2015.</i></p> <p><i>In addition, the FPCD PIC working folders have been updated to provide clearer links to the other attestation, controls design, and policy work performed that provide assurance in addition to OE testing. Going forward, FPCD will also maintain records of project files so that evidence regarding assurance work on the design of new processes and controls will be more readily available.</i></p> <p><i>Finally, the updating of documentation in the FPCD deskbook and working documents over the 2016-19 ICFR Multi-Year Plan cycle (refer to recommendation #2, work to be completed by March 31, 2019) will include the development of a risk-based approach for selecting sub-processes and controls to be tested and the levels of testing to be conducted in order to provide assurance.</i></p> <p><i>Entity Level Controls (ELC's):</i></p> <p><i>Options and a recommendation regarding operating effectiveness testing going forward for ELC's will be provided to the Deputy Minister by January 31, 2016 for approval.</i></p> <p><i>The above-noted approach to support the approved option for ELC's will be documented as part of the overall deskbook updates outlined in the management action plan for recommendation #2 by August 31, 2016.</i></p> <p><i>Information Technology General Controls (ITGC's):</i></p> <p><i>The ITGC's risk documentation will be developed as part of recommendation #2. Based on the consultations with TBS, an operating effectiveness testing plan will be developed once the ITGC's documentation has been updated and design effectiveness has been re-assessed.</i></p> <table><tr><th>Target Implementation Date</th></tr><tr><td>PLC's - December 31, 2015 (Summary report to DAC)</td></tr><tr><td>- March 31, 2019 (Completion of documentation)</td></tr><tr><td>ELC's - January 31, 2016 (Options for operating effectiveness testing provided to the Deputy Minister)</td></tr></table>	Target Implementation Date	PLC's - December 31, 2015 (Summary report to DAC)	- March 31, 2019 (Completion of documentation)	ELC's - January 31, 2016 (Options for operating effectiveness testing provided to the Deputy Minister)
Target Implementation Date					
PLC's - December 31, 2015 (Summary report to DAC)					
- March 31, 2019 (Completion of documentation)					
ELC's - January 31, 2016 (Options for operating effectiveness testing provided to the Deputy Minister)					



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	<p>– August 31, 2016 (documentation of approach based on DM decision ITGC's - Subject to TBS direction</p>
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s.21(1)(a)

s.21(1)(b)

s.21(1)(d)



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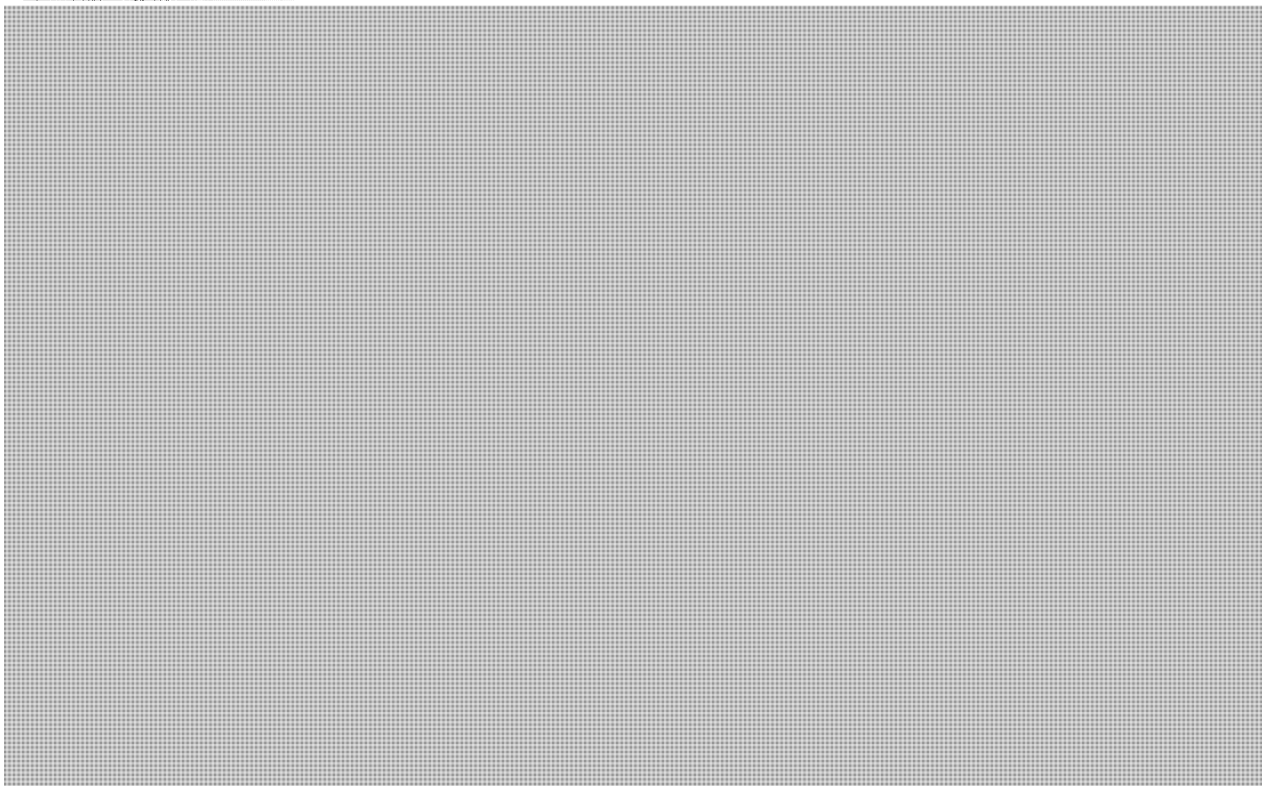
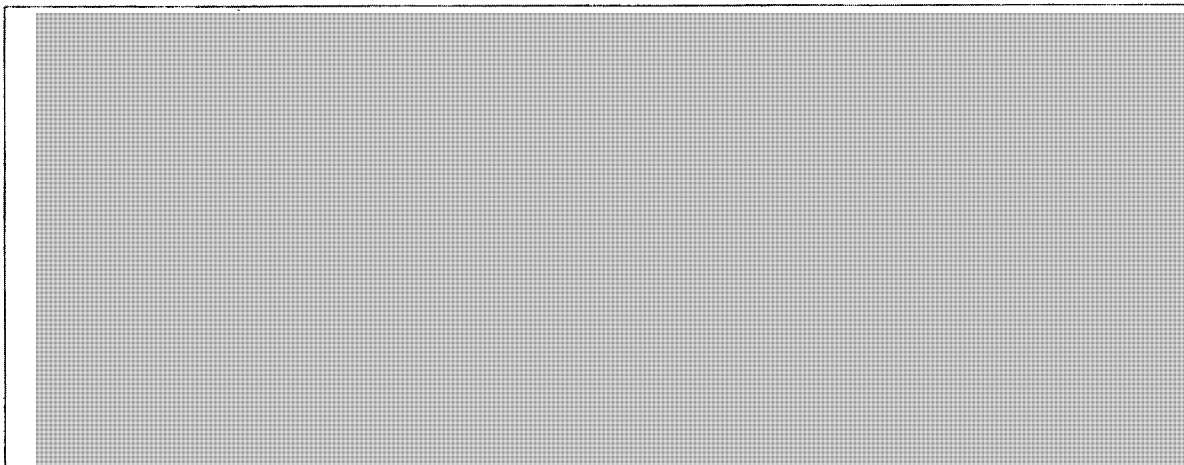
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CCM#: 2016-007104
Unclassified
For Information

MEMORANDUM TO THE DEPUTY MINISTER

The Coordination of National Security Litigation (FOR INFORMATION)

SUMMARY



Pages 12 to / à 13
are withheld pursuant to sections
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21(1)(a), 21(1)(b), 21(1)(d)


of the Access to Information Act
de la Loi sur l'accès à l'information

s.21(1)(a)


s.21(1)(d)

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 **Prepared by:**
Normand Vaillancourt
General Counsel and NSG Director
National Litigation Sector
613-952-7553

Date: April 5, 2016.

Reviewed by: 
Jodie van Dieen
Deputy Assistant Deputy Attorney General
National Litigation Sector
613-670-6367

Date: April 6, 2016

Approved by:
Geoff Bickert
Assistant Deputy Attorney General
National Litigation Sector
613-670-6357

Date: April , 2016

CCM#: 2016-007104

Pages 15 to / à 20
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21(1)(a), 21(1)(d)

of the Access to Information Act
de la Loi sur l'accès à l'information

s.21(1)(a)

s.21(1)(b)

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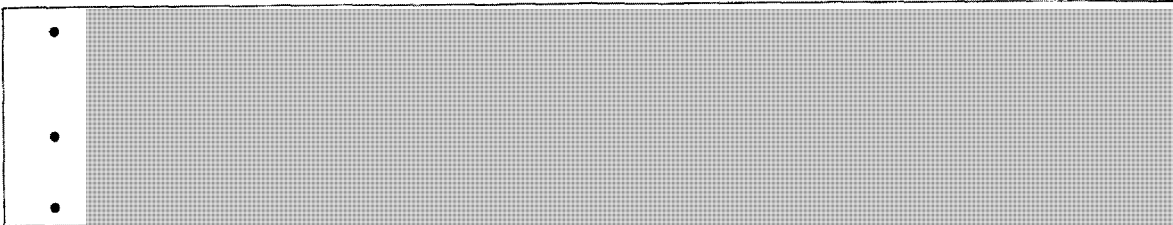
CCM#: 2016-007203
Security Classification: Unclassified

Action by/Deadline: 2016/04/22

MEMORANDUM TO THE DEPUTY MINISTER



SUMMARY



BACKGROUND



s.21(1)(a)

s.21(1)(b)

s.23

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Unclassified

RESOURCE IMPLICATIONS

COMMUNICATION IMPLICATIONS

N/A

RECOMMENDATION

Prepared by:

Pascale Alig, Planning and Reporting Analyst, BRLP, (613-960-3206)

Date: 11 April 2016

Reviewed by:

Natalie Cormier, Director, BRLP, (613-946-8949) *NC*

Date: *April 15/2016*

Approved by:

Andrew Saranchuk, Assistant Deputy Minister, BRLP, (613-957-4944)

Date:

Responsible Associate DM:

Pierre Legault, Associate Deputy Minister *PL*

Date: *April 29, 2016*

CCM#: 2016-007203

**Pages 23 to / à 94
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s.21(1)(a)

s.21(1)(b)

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Department of Justice
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CCM#: 2016-007205

Security Classification: Unclassified

Action by/Deadline: 2016/04/22

MEMORANDUM TO THE DEPUTY MINISTER

Amendments and Addendum to the Memorandum of Understanding Between Public Services and Procurement Canada and The Department of Justice

SUMMARY

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BACKGROUND

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s.21(1)(a)

s.21(1)(b)

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Unclassified

RESOURCE IMPLICATIONS

COMMUNICATION IMPLICATIONS

N/A

RECOMMENDATION

Prepared by:

Pascale Alig, Planning and Reporting Analyst, BRLP, (613-960-3206)

Date: 12 April 2016

Reviewed by:

Natalie Cormier, Director, BRLP, (613-946-8949) *NC*

Date: *April 14, 2016*

Approved by:

Andrew Saranchuk, Assistant Deputy Minister, BRLP, (613-957-4944)

Date:

Responsible Associate DM:

Pierre Legault, Associate Deputy Minister *PL*

Date: *April 29, 2016*

CCM#: 2016-007205

**Pages 97 to / à 126
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s.21(1)(a)

s.21(1)(b)

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Department of Justice
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Ministère de la Justice
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CCM#: 2016-007657
Security Classification: Unclassified
Action by/Deadline: 2016/04/22

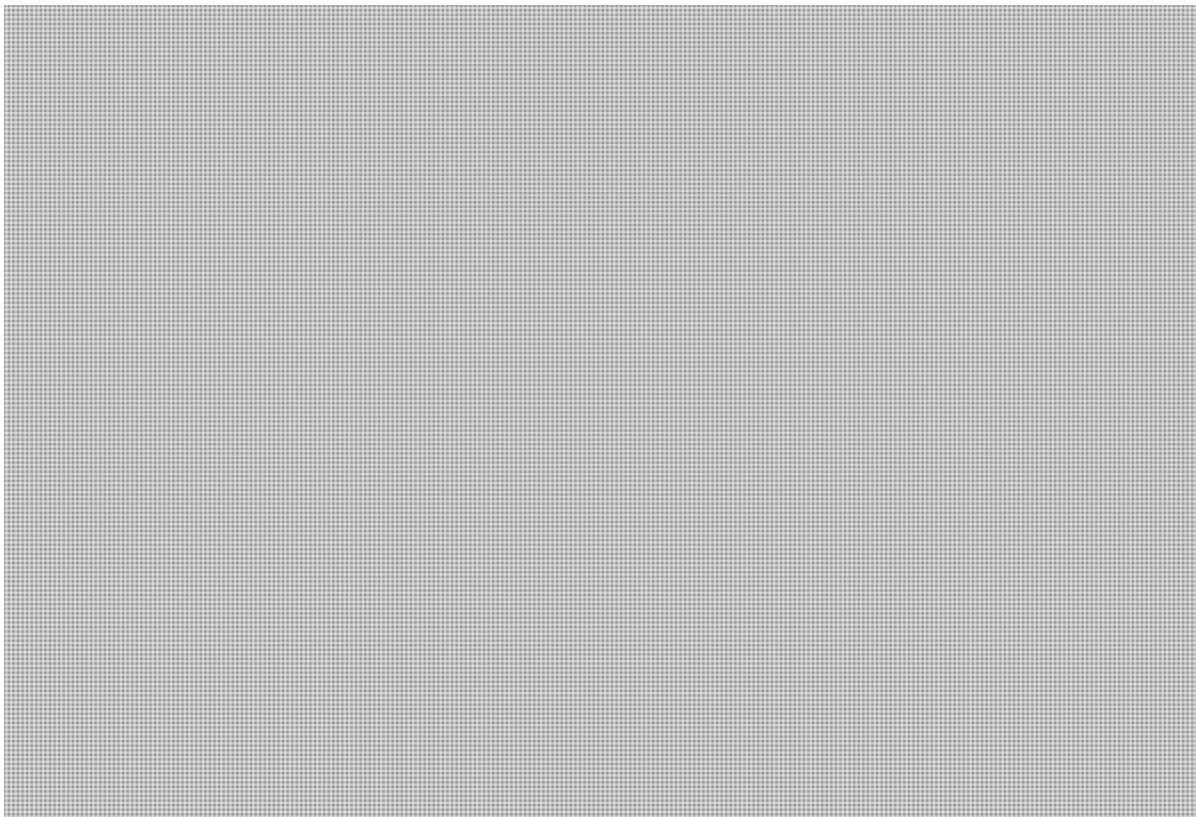
MEMORANDUM TO THE DEPUTY MINISTER



SUMMARY



BACKGROUND



s.21(1)(a)

s.21(1)(b)

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RESOURCE IMPLICATIONS

N/A

COMMUNICATION IMPLICATIONS

N/A

RECOMMENDATION

Prepared by:

Pascale Alig, Planning and Reporting Analyst, BRLP, (613-960-3206)

Date: 14 April 2016

Reviewed by:

Natalie Cormier, Director, BRLP, (613-946-8949) *NC*

Date: *April 15/2016*

Approved by:

AS
Andrew Saranchuk, Assistant Deputy Minister, BRLP, (613-957-4944)

Date:

Responsible Associate DM:

Pierre Legault, Associate Deputy Minister *PL*

Date: *April 20, 2016*

CCM#: 2016-007657

**Pages 129 to / à 153
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s.21(1)(b)

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Department of Justice
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CCM#: 2016-007663

Security Classification: Unclassified

Action by/Deadline: 2016/04/22

MEMORANDUM TO THE DEPUTY MINISTER

Amendments and Addendum to the Memorandum of Understanding Between the Department of Health Canada and The Department of Justice

SUMMARY

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BACKGROUND



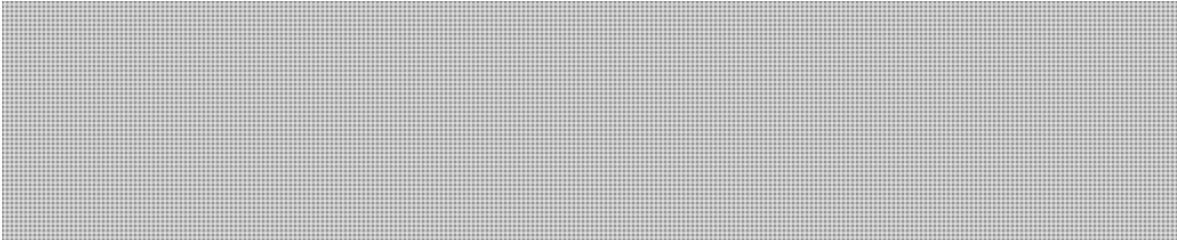
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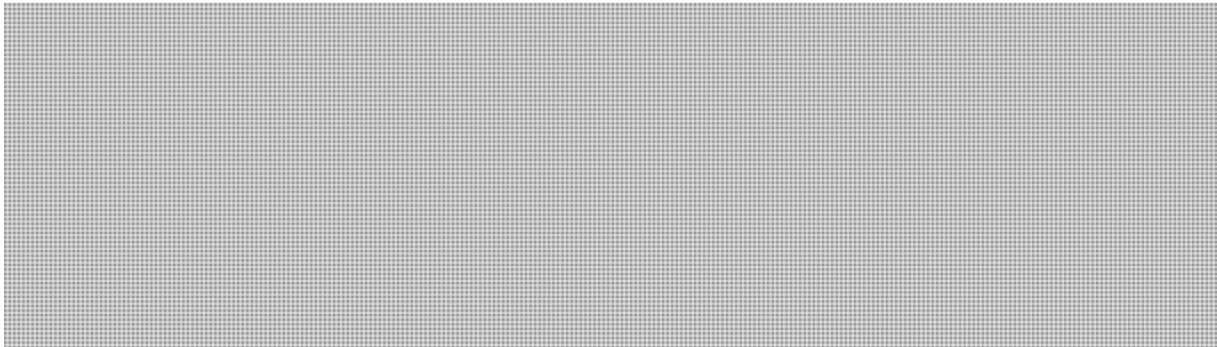
RESOURCE IMPLICATIONS



COMMUNICATION IMPLICATIONS

N/A

RECOMMENDATION



Prepared by:

Pascale Alig, Planning and Reporting Analyst, BRLP, (613-960-3206)

Date: 12 April 2016

Reviewed by:

Natalie Cormier, Director, BRLP, (613-946-8949)

Date:

*NOC
April 22nd
2016*

Approved by:

Andrew Saranchuk, Assistant Deputy Minister, BRLP, (613-957-4944)

Date:

A handwritten signature in black ink, appearing to be 'AS', written over the 'Approved by' line.

Responsible Associate DM:

Pierre Legault, Associate Deputy Minister

Date: 2016 04-29

CCM#: 2016-007663

**Pages 156 to / à 164
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s.21(1)(a)

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CCM#: 2016-007665

Security Classification: Unclassified

Action by/Deadline: 2016/04/22

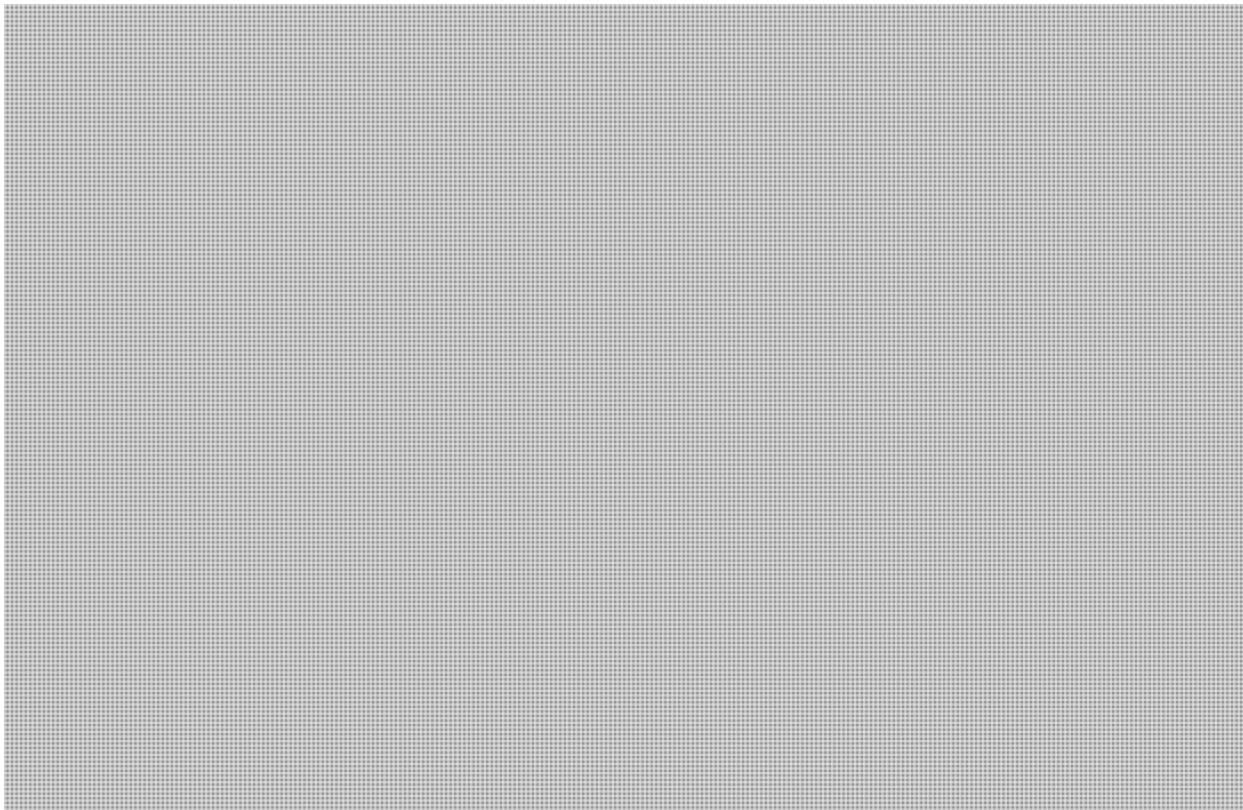
MEMORANDUM TO THE DEPUTY MINISTER

Amendments and Addendum to the Memorandum of Understanding Between the
Department of Natural Resources Canada and The Department of Justice

SUMMARY

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BACKGROUND



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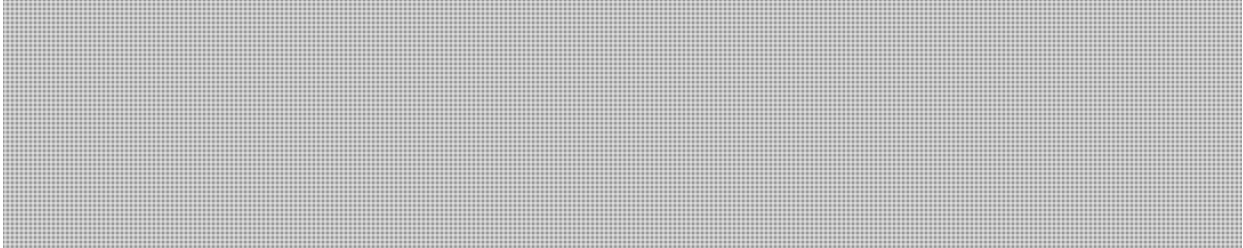
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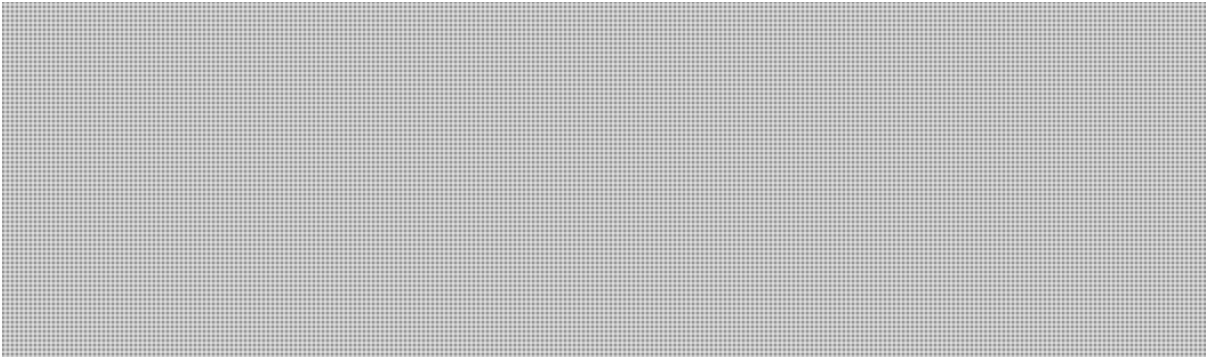
RESOURCE IMPLICATIONS



COMMUNICATION IMPLICATIONS

N/A

RECOMMENDATION



Prepared by:

Pascale Alig, Planning and Reporting Analyst, BRLP, (613-960-3206)
Date: 12 April 2016

Reviewed by:

Natalie Cormier, Director, BRLP, (613-946-8949) *NDC*

Date: *April 14/2016*

Approved by:

[Signature]
Andrew Saranchuk, Assistant Deputy Minister, BRLP, (613-957-4944)

Date:

Responsible Associate DM:

Pierre Legault, Associate Deputy Minister *[Signature]*

Date: *April 29, 2016*

CCM#: 2016-007665

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CCM#: 2016-010031
Solicitor-Client Privilege
For Information

MEMORANDUM TO THE DEPUTY MINISTER

(BRIEFING NOTE FOR MEETING)

SUMMARY

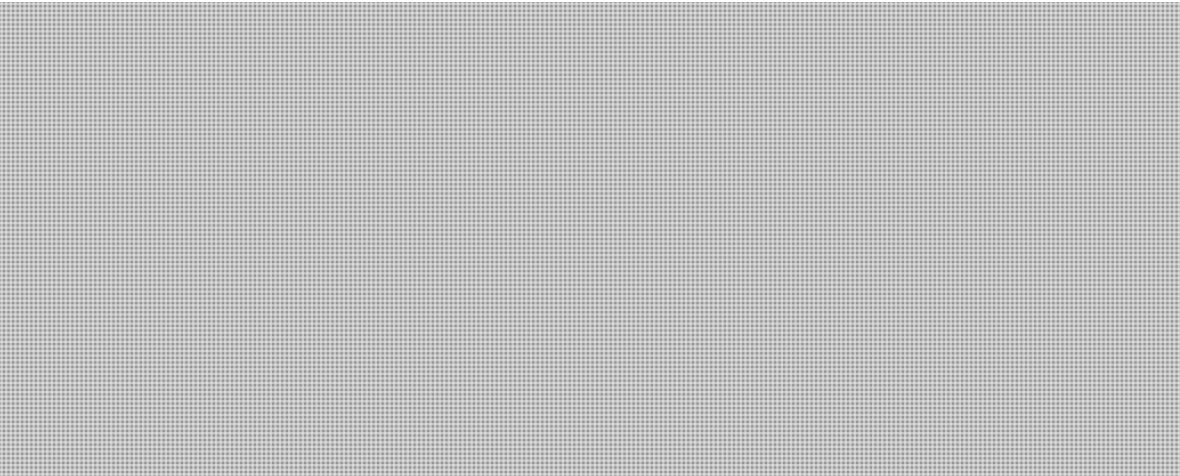
BACKGROUND

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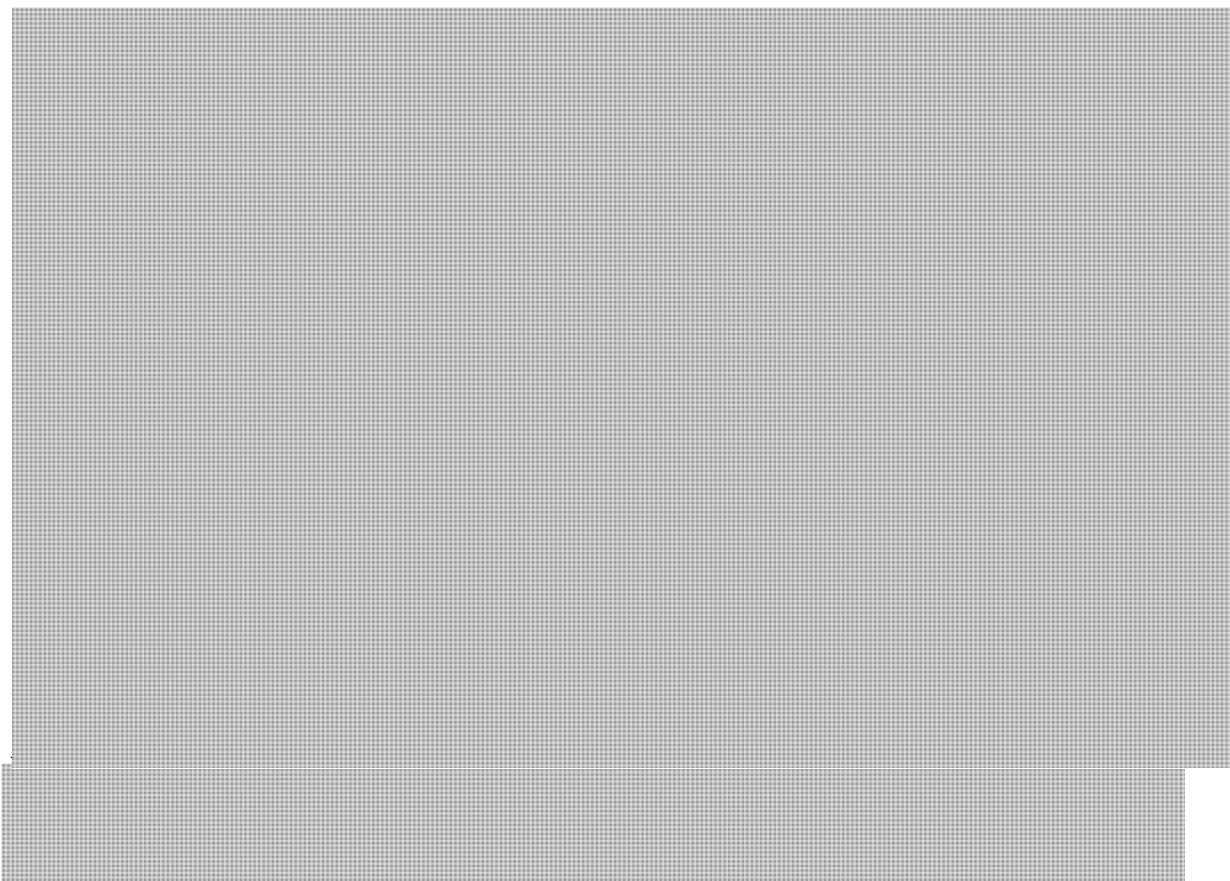
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Solicitor-Client Privilege



DISCUSSION



CCM#: 2016-010031

s.21(1)(a)

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Solicitor-Client Privilege

RESOURCE IMPLICATIONS

N/A

COMMUNICATION IMPLICATIONS

N/A

NEXT STEPS

Prepared by:

Marie-France Séguin, Manager and Senior Counsel, CBSA LSU, PSDI, (613-946-2511)

Date: May 6, 2016

Reviewed by:

Thomas A. Saunders, Executive Director and Senior General Counsel, CBSA LSU,
PSDI, (613-946-2506)

Date: May 6, 2016

Approved by:

 Paul Shuttle, Deputy Assistant Deputy Minister, PSDI, (613-948-1463)

Date: May 6, 2016

CCM#: 2016-010031

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21(1)(a), 23

**of the Access to Information Act
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**of the Access to Information Act
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s.21(1)(a)



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s.21(1)(b)

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CCM#: 2016-007661

Security Classification: Unclassified

Action by/Deadline: 2016/04/22

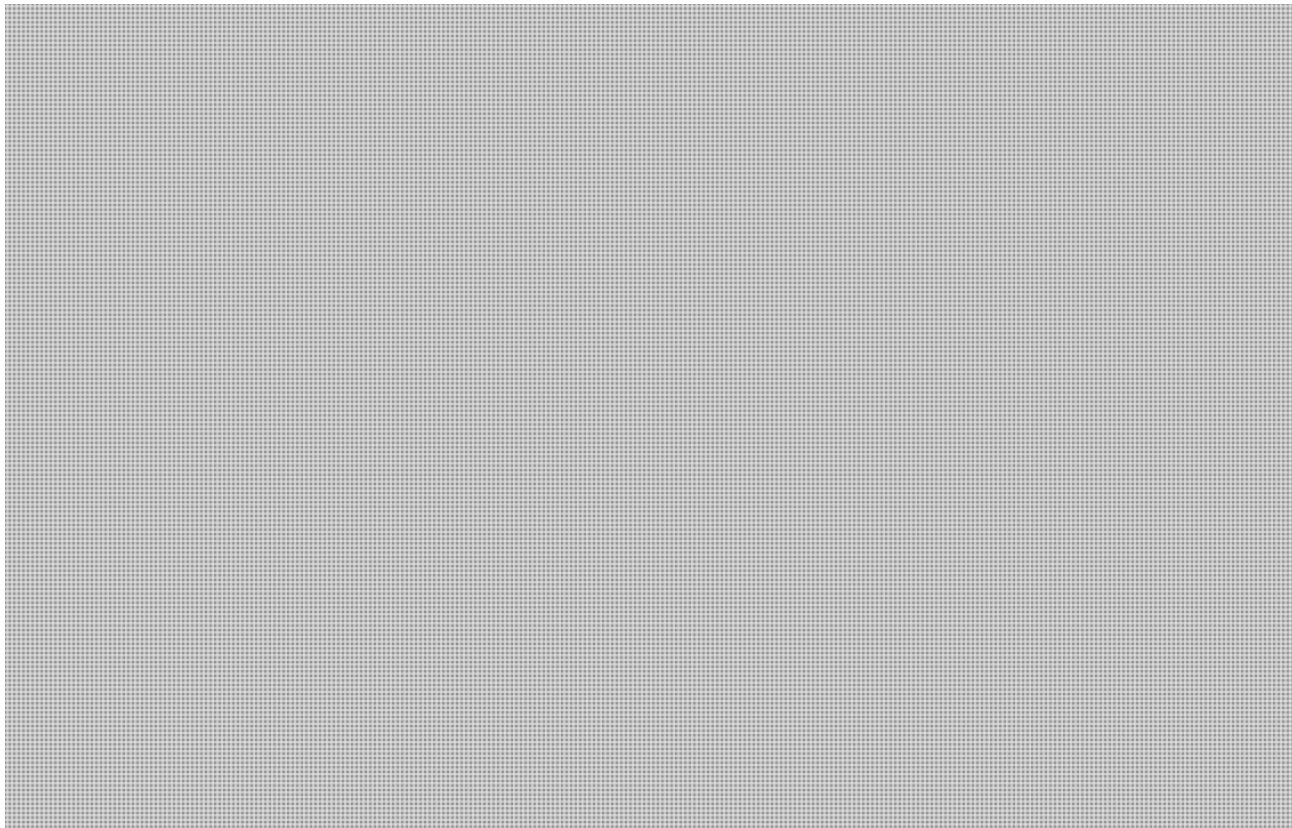
MEMORANDUM TO THE DEPUTY MINISTER

Amendments and Addendum to the Memorandum of Understanding Between the Department of Transport Canada and The Department of Justice

SUMMARY

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BACKGROUND



s.21(1)(a)

s.21(1)(b)

- 2 -

Unclassified

s.23

RESOURCE IMPLICATIONS

COMMUNICATION IMPLICATIONS

N/A

RECOMMENDATION

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Date: April 29, 2016

CCM#: 2016-007661

**Pages 204 to / à 214
are withheld pursuant to section
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Department of Justice
Canada

Ministère de la Justice
Canada

FOR INFORMATION

NUMERO DU DOSSIER/FILE #: 2016-006252

COTE DE SÉCURITÉ/SECURITY CLASSIFICATION: PROTECTED

TITRE/TITLE: Challenges faced by the Department of Justice regarding Shared Services Canada

SOMMAIRE EXÉCUTIF/EXECUTIVE SUMMARY

- The creation of Shared Services Canada (SSC) involved the transfer of physical, human, and financial resources from 43 separate partner organizations into a brand new department. Assuming the responsibility for a large number of existing components of IT infrastructure was an extremely complex task.
- There was considerable uncertainty during the transition to the new IT service model that complicated IT planning at the Department of Justice because the level of investment required by the Department of Justice in support of government-wide transformation projects initiated by SSC could not be accurately forecasted and because SSC was unable to provide accurate forecasts of the delivery date and the cost of new infrastructure required for projects initiated by the Department of Justice.
- The Auditor General tabled a report on February 2, 2016, that concluded that SSC “documented few agreements with partners that articulated clear and concrete service expectations, rarely provided reports to partners on service levels or the overall health of the IT infrastructure, and did not formally measure partners’ satisfaction with the services they received.” Without a formal service level agreement, the Department of Justice has been unable to demonstrate to SSC that it is experiencing an unacceptable level of outages to core IT services.
- SSC has adopted a new functional direction that takes effect April 1, 2016, and that allows partner-funded investments to be made in legacy infrastructure without going through an exception process.
- SSC’s response to the Auditor General’s recommendations combined with the money provided in the latest budget should make it possible to reduce or eliminate the challenges that the Department of Justice has experienced working with SSC.

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2016-006252

MEMORANDUM FOR THE MINISTER

Challenges faced by the Department of Justice regarding Shared Services Canada

ISSUE

The recent report by the Auditor General on Shared Services Canada (SSC) as well as the hearings held by Parliament when SSC tabled its Report on Plans and Priorities have led to significant media attention about difficulties that SSC has had in fulfilling its mandate to provide core IT services to government departments.

BACKGROUND

The creation of SSC involved the transfer of physical, human and financial resources from 43 partner organizations into a new department. Assuming the responsibility for a large number of existing components of IT infrastructure and was an extremely complex task and from its inception, SSC was directed to devote the majority of its efforts to achieve costs savings through the consolidation of email, networks, and data centres into enterprise level solutions.

This focus on major transformational initiatives limited the amount of support that SSC was able to provide for the legacy systems that were in existence when SSC was created. Delays in the delivery of enterprise solutions have placed an even greater strain on the legacy systems at partner organizations such as the Department of Justice. For example, the Email Transformation Initiative that involves the transition of over 100 disparate email solutions to a new shared email system for all government departments ran into major complications and migration date for the Department of Justice has been delayed by more than 15 months. This delay required the Department of Justice to make extended use of an interim solution for BlackBerry service that has been subject to several outages.

These types of challenges were highlighted in a report tabled by the Auditor General on February 2, 2016, that included the recommendation that SSC improve its reporting on transformation initiatives "to ensure that information reported to the senior management board on the status of transformation initiatives is clear and accurate." The Auditor General's report also concluded that "Shared Services Canada did not establish clear and concrete expectations for partners for maintaining service levels." With no formal service level agreement and no comprehensive service catalogue, the Department of Justice has had difficulty responding quickly to outages to core IT services and has not been able to predict whether an enhancement request in legacy infrastructure will be accepted by SSC nor when an accepted request will be delivered.

The Auditor General concluded that SSC does not have consistent practices in place "to recognize that there are partner costs involved in all transformation projects." The Department of Justice has started many initiatives in support of GC transformation projects led by SSC but it

has been very difficult to anticipate the level of resources that Justice will require in support of these projects, given absence of information and fluctuating timelines. The funding for these projects has occasionally gone unspent at fiscal year-end due to delays in SSC's transformation schedule that made it impossible for the Department of Justice to perform the work required to support the transformation initiative.

Another recommendation of the Auditor General is that "Shared Services Canada should develop an overall service strategy that articulates how it will meet the needs of partners' legacy infrastructure." At the creation of SSC, it was assumed that the funding that was transferred to their organization was sufficient to cover gradual increases in partner organizations' IT requirements, however no clear explanation was provided to explain the level of growth in legacy infrastructure that SSC would reasonably expect. As a result, requests to increase the amount of network bandwidth or storage space used by the Department of Justice have received vastly different cost estimates: in some cases the costs have been borne by SSC and in others requests were charged back to the Department of Justice but at varied rates. The uncertainty associated with this type of incremental increase has made it difficult for the Department of Justice to forecast IT expenses related to the maintenance of the existing IT environment.

CONSIDERATIONS

In their response to the Auditor General's report, SSC committed to implementing the recommendations of the Auditor General, saying that "By 31 December 2016, SSC will approve and communicate a comprehensive service strategy that sets out how it will deliver enterprise IT infrastructure services to meet the needs of Government of Canada partners and clients. The strategy will reflect SSC's overall approach to providing legacy and transformed services at defined levels, the role of partners within the strategy, how partner and client needs will be considered and addressed, and how the approach results in the best value to Canadians." The implementation of this strategy will improve the collaboration between SSC and the Department of Justice on IT planning and will allow a greater ability to achieve a level of IT service that consistently meets business needs.

SSC has adopted a new functional direction effective April 1, 2016, that simplifies partner-funded investments in legacy infrastructure. This will allow the Department of Justice to restore some of its capacity to respond quickly to changing operational priorities that was lost with the creation of SSC.

The budget announced on March 22, 2016, provides SSC \$383.8 million over the next two years to support the transformation of government IT systems, data centres, and telecommunications networks and these funds should help SSC to balance the need to support partner operations in existing infrastructure with its requirement to create enterprise IT systems for the Government of Canada.

The Department of Justice made it a priority to establish a strong partnership with SSC and has been holding regular meetings at the Assistant Deputy Minister, the Director General and the manager level to ensure strategic alignment between the two organizations and to integrate their priorities into a common IT Plan. These regular meetings held with the Account Management

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team at SSC have increased SSC's understanding of the specific business requirements of the Department of Justice and there is a willingness on both sides to work together to eliminate any challenges to the partnership between the two organizations, for example by improving the ability of both organizations to track the expenses associated with transformational projects and to ensure that the necessary resources are made available in the Department of Justice to support enterprise activities.

Although SSC is working to stabilize operations and infrastructure and to improve its processes, the Department of Justice will be required to fund some of SSC's contributions to IM and IT projects.

CONCLUSION

The Management and Chief Financial Officer Sector will continue to meet regularly with SSC to maintain a strong partnership between the two organizations, ensure that the SSC resources in support of the Department of Justice are deployed optimally, and monitor SCC's ability to consistently achieve their service level targets.

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